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SUBJECT: LATVIA AND RUSSIA TO SIGN COOPERATION AGREEMENTS
OCTOBER 13

REF: RIGA 481

Classified By: Ambassador Catherine Todd Bailey. Reason: 1.4 (D)

¶1. (C/NF) Summary: Latvian Economics Minister Stokenbergs will travel to Moscow October 13 to sign bilateral agreements on economic cooperation and establishing an intergovernmental commission to manage the bilateral relationship. The signing of these agreements represents the end of several months of intensive, behind the scenes negotiations with the assistance of outside parties, including the Russian patriarch and the German Chancellor. With Latvian PM Kalvitis likely to continue in office following October 7 elections, the question now will be whether the two countries can move to sign the long-stalled border treaty. End summary.

¶2. (U) The GOL quietly announced October 6 that Economics Minister Stokenbergs will travel to Moscow to sign two bilateral agreements. The first would establish an intergovernmental commission between the two countries to manage the overall bilateral relationship. The second is an agreement on economic cooperation. The Russian signatory will be Economic/Trade Minister Gref. We understand that, neither agreement requires parliamentary approval in either country and both will come in to force upon signature.

¶3. (C/NF) The signing of these two agreements has been a key initiative of PM Kalvitis since his June meetings with Russian PM Fradkov and President Putin (reftel). The Russians have moved forward at varying speeds since then to ratify the agreements. The Latvians have used two outside sources along the way to prod the GOR along. The first is Russian Patriarch Alexis whose May visit to Riga is viewed by the Latvians as opening the way to the June meetings. The Latvians have used the patriarch along the way to keep Moscow focused on this.

¶4. (C/NF) The other key source of support for this has been Germany, and particularly Chancellor Merkel. Her foreign policy advisor, Heusgen, and PM Kalvitis' foreign policy advisor, Peteris Ustubs, served together in Brussels and remain friends. They have worked closely together on this, but Merkel seems to have taken a personal interest in the issue, raising it with Putin on a number of occasions. Heusgen also pressed Putin's foreign policy advisor Prikhodko several times on this issue. The Latvians and Germans both wanted these agreements signed prior to the EU informal dinner with Putin October 20.

¶5. (C/NF) Comment: In the difficult Latvian/Russian relationship, small steps matter and these two agreements, while not earth-shattering in substance, are significant in that they have been pending for several years and provide building blocks for organizing more normal bilateral relationships. Most of the credit here lies with the PM and Ustubs, who really drove the process within the GOL and with key partners like Germany. With Kalvitis likely to stay as

PM, the GOL is likely to focus on the long stalled border treaty as the next step. If both sides can control their worst impulses to stick it to the other on that agreement and manage get it signed, it would be a significant step forward in the bilateral relationship.

BAILEY